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Briefly Speaking

B. Sp. No. 14

July 21, 1940

Farmers and the National Defense

America's Task

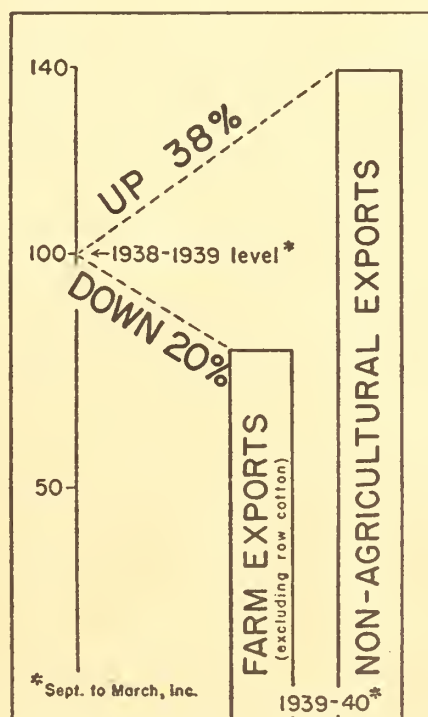
Today there is only one road to peace, and that is the road of preparedness. In every possible way we must be so fully prepared as to command respect. Our intentions toward all neighbors on this hemisphere are peaceful, but our sword and the swords of our Latin American neighbors must be sharp enough to deal promptly with any open or underhand effort to carry out on this hemisphere the methods which have so ruined Europe. We must be not only strong in the air and at sea but our army must be large enough and effective enough to show its might to each and every aggressor. If we are properly prepared, we shall not have war on this hemisphere.

Military preparedness, vital as that may be, is only a part of total preparedness. We must prepare also in two other ways—both tremendously important. One is adaptation of our economic life to meet the changing domestic and world situation. The other is maintaining and building the morale of the American people.

Morale is easily damaged by busybodies. Morale is built when the people are working constructively. The call should be, and the opportunity should be, for all citizens to contribute their labor, their zeal, their ingenuity, and their aspiration to building and defending the nation.

We must lose no time in making every one in the United States feel that his work is wanted, that he, too, has a stake in defending and preserving our American democracy.—*Excerpts from radio address by Secretary Wallace, June 4, 1940.*

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WAR HURTS FARM EXPORTS

The importance of (war) curtailment of farm exports can be measured by the place of the foreign market in our agricultural economy.

Normally we have exported about 20 percent of our wheat crop, 50 percent of our cotton, 50 percent of our flue-cured tobacco, nearly 40 percent of our packing house lard, 10 percent of our apple crop, and 45 percent of our prune crop.—*U. S. D. A. Press Release 2250-40.*

► All graphs and charts in this issue are based on official statistics of the U. S. Department of Agriculture.

Farmers Prepared

These are grave days. The world which Americans have known is being forced into a new pattern. Violent changes in the world economic structure have cast a shadow over the whole of America. Preparedness becomes the first order of business for every element of the nation.

American farmers, as they did from the days of the Revolutionary War through all succeeding crises, will meet every demand the Nation will make of them for its defense. More than ever before, farmers are prepared to make their contribution to national welfare. In the Ever-Normal Granary program they are holding abundance for the years of need. As never before, they have built great resources of soil fertility under a national agricultural conservation program.

Farmers are willing to accept their full share of the sacrifices imposed by the times. The common emergencies and hazards of farming have taught them to act vigorously and courageously. Farmers in this hour are united for their country's welfare. Under the farm program, they have come to seek common purposes, understand the fundamental interdependence of all farmers, and all our people. They have applied democracy to their farm program and found that it brings unity and strength out of disunity and weakness.

Farmers have faith in their country and its destiny. The American farmer is standing in his place for America's defense.—*R. M. Evans, A. A. Administrator.*

Current Comment

Concerning Parity

Farmers are at a disadvantage because they sell in a free market (prices fluctuate with demand) and buy in a controlled market (prices kept up while production shifts with demand). During the economic decline, 1929-32, the agricultural implement industry cut its production by about 80 percent and kept prices from falling more than 6 percent, while farmers maintained their production and took price cuts of more than 50 percent. By 1938 farm machinery prices were the highest since 1921, while prices received by farmers were 24 percent lower than in 1921. The farmer buys in a market where prices are fixed by administrative control; he sells in a market where prices fall whenever buying power is reduced.

Buying power.—Specific examples will show what it means for farm prices to be below "parity." A 100-pound keg of 8-penny common nails does not change, but it cost the farmer 17 pounds of cotton in 1913,

49½ pounds in 1932, and 36 pounds in 1939. In order to buy a single-bit axe with a 4-pound head, the farmer had to sell 18 pounds of beef in 1913, 51 pounds in 1932, and 27 pounds in 1939. A 26-inch handsaw was worth 2½ bushels of corn in 1913, 9½ bushels in 1932, and nearly 4 bushels in 1939. As these examples show, the farmer's buying power today is much better than in 1932 but still below prewar levels.

Consumers subsidized.—By supplying food and fiber at below-parity prices, farmers have been subsidizing consumers at the rate of 2 billion dollars a year. With farm prices below parity, farm income has suffered a comparative deficiency of more than 20 billion dollars in the past 10 years, an average of 2 billion dollars annually.—*Adapted from testimony of Secretary Wallace before Senate Appropriations Committee, February 26, 1940, and B. A. E. reports on income parity.*

Trade in Fats, Oils

Imports of primary fats and oils during the first quarter of 1940 totaled 218 million pounds, 69 million pounds less than in the corresponding period of 1939. Exports,

including shipments of butter and lard to United States territories, and reexports of foreign oils imported free of duty, totaled 124 million pounds, 26 million pounds more than a year earlier. The combined net imports of fats, oils, and oil-bearing materials in terms of crude oil, were 81 million pounds, or 19 percent, smaller in the first quarter this year than last.—*Fats and Oils Situation, B. A. E., May 14, 1940.*

More Rayon, Less Cotton

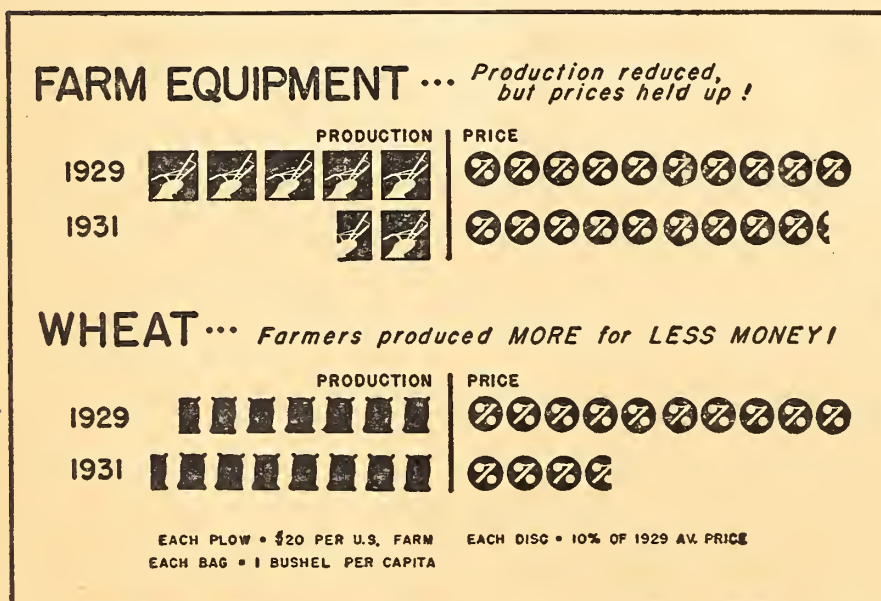
Recent estimates for 1940 place the prospective German output of cell-wool (staple fiber) at more than 330,000 short tons, or the equivalent of nearly 1,400,000 bales of cotton an increase of about 50 percent over 1939. Rayon production was estimated at more than 110,000 tons, or the equivalent of about 460,000 bales of cotton.—*Foreign Crops and Markets, May 25, 1940.*

Displacing Labor

The trend toward larger farms has been accompanied by a rapid increase in the use of labor-saving machinery. More tractors were sold in 1937 alone than were in use on all the farms in the United States in 1920. By 1938, there were about 1,528,000 tractors on American farms, more than a third of which had been purchased within the last 3 years. In many cases, these tractors have taken the place of tenants, sharecroppers, and day laborers. For example, one Alabama county, in which only 8 tractors were in use 6 years ago, had 260 tractors by 1937—and local farmers estimated that each tractor had pushed from 1 to 5 tenant families off the land.

As a result of these and other developments, it is possible today for this Nation to meet all the normal requirements of farm production, both foreign and domestic, with 1,600,000 fewer workers than were needed 10 years ago. During this same period, the number of farm workers in search of jobs has been increasing steadily.—*Secretary Wallace, before Senate Civil Liberties Committee, May 2, 1940.*

Production Adjustment Protects Price



Farm equipment production is taken from the value of farm equipment and related products manufactured in the United States per farm. Wholesale prices of farm equipment are the basis for the data on price. Wheat production illustrates the amount of wheat available from annual production for each person in the United States. The price of wheat is the average United States farm price per bushel.

About 86 percent of the growers voting in the July 20 referendum approved the three-year marketing quota plan for flue-cured tobacco.

Conservation

Records Show Conservation

Approximately 50,000 farmers in Ohio, Indiana, Illinois, and Michigan kept farm account books in cooperation with the State agricultural extension services during the 10 years 1929-38.

A few facts from data in the account books reveal some of the changes which have been made toward the goals contemplated by the agricultural conservation programs. In Indiana, the farmers increased the number of acres of tillable land in legume sod from 34 acres per farm in 1931 and 1932 to 43 acres in 1938. In Illinois, 70 percent of

the tillable land on the account farms had been in corn and small grains in 1931 and 1932, as contrasted with 64 percent in 1938. The shifted acreage had been planted to hay and pasture. In Michigan, the 1931-32 acreage in legume crops was 25 percent of the tillable land, as contrasted with 31 percent in 1938.—*Agricultural Situation, June 1940.*

Grass and Fertility

There is danger of forgetting that grass is largely responsible for making cropland productive. The farmer who will plan a long-time grass rotation, to permit all of his land to rest part of the time while it is seeded to grass and used for pasture, can maintain soil fertility more easily and effectively than the

farmer who attempts continuous cash-crop production.—*Soil Conservation, April 1940.*

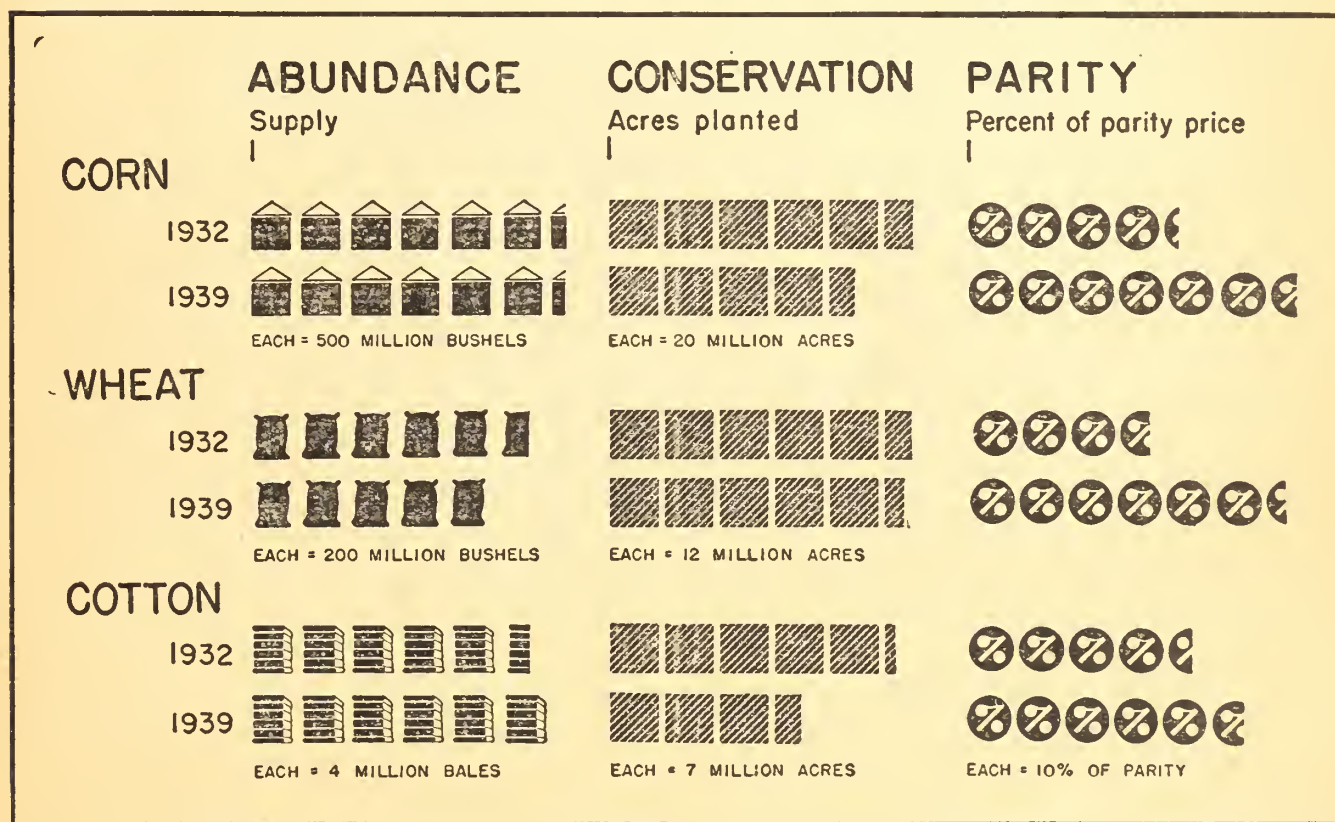
High Cost of Erosion

The estimated total annual cost of erosion to the American people appears in this table:

	Million dollars
Direct cost to farmers.....	400
Damage to—	
Highways	180
Railways.....	100
Reservoirs.....	30
Streams and harbors.....	29
Irrigation ditches	13
Drainage ditches.....	15
Cities	25
Wildlife.....	5
Contribution of erosion to increased—	
Flood damage.....	42
Total of major items.....	844

—Adapted from *Consumers' Guide*, April 15, 1940.

Progress Toward the Goals of A. A. A.



The A. A. A. farm program helps American farmers to provide abundance, to conserve the soil, and to advance toward parity of price and income.

By 1939 farmers had made substantial progress toward these goals through the

A. A. A. farm program. Illustrated are the gains for corn, wheat, and cotton. Abundant supplies of these great staple crops are being produced, and at the same time the farmer enjoys better prices. Moreover, planting of fewer acres to soil-depleting

crops means that more land is being planted to soil-building legumes and grasses, thus restoring and conserving the Nation's soil resources. Similar progress can be illustrated for other crops produced under A. A. A. allotments.

A. A. A. Program Benefits the Small Farmer

Q. How does the small farmer fare under the A. A. A.?

A. The small farmer is given special consideration in the A. A. A. Farm Program. Evidence that he is taking advantage of these considerations is shown in the fact that nearly four-fifths of all 1938 payments were \$100 or less in size.

A scaled increase in small payments is one of the primary advantages which the small farmer obtains in A. A. A. Whether going to tenant, sharecropper, or owner all payments of less than \$200 are increased under the following schedule:

Payment earned	Amount of increase
\$20 or less----	40 percent.
\$21 to \$40-----	\$8 plus 20 percent of amount over \$20.
\$41 to \$60-----	\$12 plus 10 percent of amount over \$40.
\$61 to \$186----	\$14.
\$186 to \$200---	Enough to increase payment to \$200.

The 1940 program increased the soil-building allowance on a small farm so that a minimum payment of \$20 could be earned.

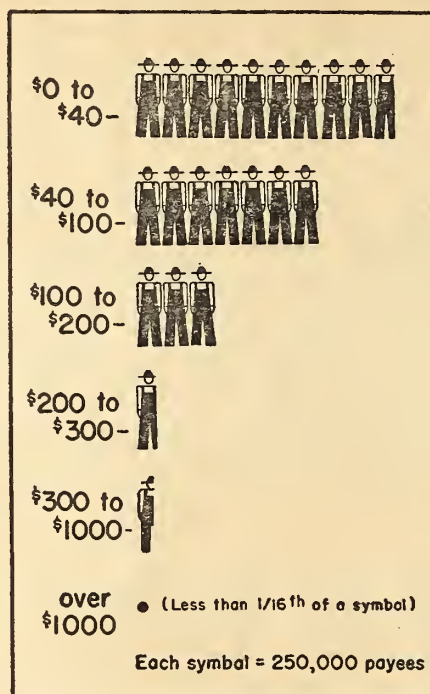
General benefits of the program are open to small and large producers alike. These include improved prices, crop loans, and wheat crop insurance.

In the past the small-unit producer has suffered more than the large operator when production was out of line with demand. Farmers as a group tend to overplant when prices are high, and tend to be reluctant to reduce production when prices are low because of the necessity of meeting fixed charges.

Before the A. A. A. farmers had no way of adjusting their acreages to demand, and the small farmer was "squeezed" in the maladjustment. Under the A. A. A., with 82 percent of the cropland under the program, small farmers and others expand and decrease production together. Adjustments are made on a national basis to help balance production with what the market will take.

Democracy of the program gives the small farmer equal rights with the large-scale operator in determining national agricultural policy. The 2-acre cotton farmer, like the 200-acre grower, has one vote in referendums on marketing quotas. In the

NUMBER OF A. A. A. PAYMENTS, BY SIZE GROUPS, 1938



selection of committeemen who direct the program locally, each farmer who cooperates in the program has a vote.—Adapted from "Questions and Answers about the A. A. A. Program," June 1940.

Small Farmers in Program

A substantial increase in participation by small farmers in the 1938 program was indicated by the increase in the number of small payments. There was an increase of more than 916,000 in the number of producers who received payments of less than \$60 in connection with the 1938 program in comparison with the preceding year.—(U. S. D. A. Press Release 2136-40)

More People, Smaller Farms

Perhaps it is not generally realized that our population is growing far more rapidly in rural areas than in the cities; and that our farms already are crowded with far more people than can hope to make a decent living out of agriculture. The working population is now growing at the rate of about 445,000 a year—and the

increase is fastest in those very areas which already are poorest and most overcrowded. In the Southeastern States, for example, the farm population has doubled since the Civil War, although there actually is less land under cultivation in those States today than there was in 1860. Moreover, the land that is left has been so damaged by erosion that it is far less productive than it was those days. As a result, more and more people have been crowded onto smaller and poorer farms, and the standard of living inevitably has fallen.—Secretary Wallace, before the Senate Civil Liberties Committee, May 2, 1940.

Allotments

Small farmer insurance.—Acreage allotments assure to farmers a share of the home market without engaging in cut-throat competition to get it. Acreage allotments can protect the claim of every farmer to an equitable share of a profitable market for cash crops. No one can take that away from him by cutting prices. This feature of acreage allotments is especially important to the small farmer * * *. It is insurance for him against the big fellow.

Conservation.—Acreage allotments * * * promote conservation, too. These allotments accomplish several purposes. They are the fence which keeps cash cropping within bounds. They also serve as a good boundary line for market production. Farmers know that if they all keep their acreages of cash crops within that boundary, the market for these crops is going to be more profitable. They know that if they go over that boundary they will likely have surpluses.—R. M. Evans, A. A. A. Administrator, Louisville, Ky., January 11, 1940.

Idle acres.—The acreage taken out of soil-depleting crops has not been idle acreage. It has been used to make farming more profitable. In many instances farmers are producing soil-depleting crops more efficiently on a smaller acreage. This means that they have more acres for legumes and grasses which furnish feed and have the added virtue of improving the soil.—Agricultural Situation, January 1940.